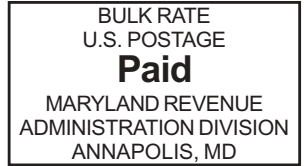



Forwarding Service Requested



- 
- Remove the label and attach it to the return you are filing.
 - If someone else prepares the return, ask the preparer to use the label.
 - If any information on the label is incorrect, please do not use the label.

2001

Maryland Tax Forms for Fiduciaries

Forms and instructions for filing fiduciary income tax returns for calendar year or any other tax year or period beginning in 2001.

Important reminders:

- Read the instructions in this booklet.
- Use the above label on Form 504.
- Enter the Federal Employer Identification Number and taxable year beginning and ending dates on all forms and payments.
- Sign and date the return and use the appropriate envelope provided in this booklet.
- You can now pay by Electronic Funds Withdrawal (Direct Debit) if you file electronically.

Electronic Filing

You can file electronically through an approved commercial tax preparer. Look for our e-file logo.



Direct Deposit is Available!



William Donald Schaefer

These are the forms and instructions you need to file your 2001 Maryland Fiduciary income tax return:

- ❖ **Form 504 - Maryland Fiduciary Tax Return**
 - ❖ **Form 504E - Application for Extension of Time to File**
- Other information included in this booklet**
- ❖ **Form 504D - Declaration of Estimated Maryland and local Fiduciary Income Tax for the Year 2002**
 - ❖ **Form 504 UP - Underpayment of Estimated Maryland Income Tax by Fiduciaries**

Please send us your original completed Maryland tax return. Photocopies could delay the processing of your refund.

Please read this *before* filling out your forms!

NEW!

- ❖ You can now file electronically from your personal computer. Visit our website at www.marylandtaxes.com for details. OR File electronically through a commercial tax preparer. OR Use the forms in this booklet.
- ❖ Your top state income tax rate is **4.80%** for tax year 2001.
- ❖ Some Fiduciaries may qualify for **new tax credits**. See Instruction 17.
- ❖ **Payment by Credit Card** The balance due may be paid by using a Discover Card, American Express Card or MasterCard. See instruction 22.
- ❖ **Call us for free state tax help** Monday through Friday, from



8:00 a.m. until 9:00 p.m. eastern time from January 15 until April 19, 2002. You can also e-mail your tax questions to us any time at: taxhelp@comp.state.md.us

- ❖ **A contribution can be made to two programs on your return: the Chesapeake Bay and Endangered Species Trust Fund and the Fair Campaign Financing Fund.**

FREE ASSISTANCE

by phone

1-800-MDTAXES

Monday - Friday

8:00 a.m. - 9:00 p.m.

January 15 - April 19, 2002

FORMS

BY FAX

410-974-3299

Forms, brochures and other information.

BY PHONE

410-260-7951

Place your order and we'll mail the forms.

INTERNET

www.marylandtaxes.com

Tax forms, instructions, publications and e-mail access to taxpayer assistance.

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IMPORTANT NOTES

Due Date

Your return is due by April 15, 2002. If you are a fiscal year taxpayer, see Instruction 24.

Completing the return

You must use blue or black ink when completing your return. **DO NOT** use pencil or red ink. Submit the original form, not a photocopy. If no entry is needed for a specific line, leave blank. Do not enter words such as "none" or "zero" and do not draw a line to indicate no entry.

You may round off all cents to the nearest whole dollar. Fifty cents and above should be rounded to the next higher dollar. State calculations are rounded to the nearest penny.

Electronic filing instructions

The instructions in this packet are designed specifically for filers of paper returns. If you are filing electronically and these instructions differ from the instructions for the electronic method being used, you should comply with the instructions appropriate for that method.

Penalties

There are severe penalties for failing to file a tax return, failing to pay any tax when due, filing a false or fraudulent return, or making a false certification. The penalties include criminal fines, imprisonment, and a penalty on your taxes. In addition, interest is charged on amounts not paid.

To collect unpaid taxes, the Comptroller is directed to enter liens against the salary, wages or property of delinquent taxpayers.

Substitute forms

You may file your Maryland income tax return on a computer-prepared or computer-generated substitute form provided the form is approved in advance by the Revenue Administration Division. The fact that a software package is available for retail purchase does not guarantee that it has been approved for use.

For additional information, see Administrative Release No. 26, Procedures for Computer-Printed Substitute Forms, which can be obtained from any office of the Comptroller. (See the back cover of this booklet.)

You may also call the tax information number listed on the back cover to find out which computer-generated forms have been approved for use or visit our website at www.marylandtaxes.com.

1 Who must file Form 504

A fiduciary must file a Maryland fiduciary tax return (Form 504) if the fiduciary:

1. Is required to file a federal fiduciary income tax return (Form 1041); and
2. Has Maryland taxable income.

Form 504 is used by both resident and nonresident fiduciaries.

Who is a fiduciary?

"Fiduciary" means any person by whom the legal title to real or personal property is held for the use and benefit of another and includes a trustee and a personal representative of an estate.

Although you may be required to file a federal income tax return, you are not required to file the Maryland fiduciary return if you are:

1. An agent holding custody or possession of property owned by your principal; or
2. A guardian.

Who is a resident fiduciary?

A personal representative of an estate is considered a resident fiduciary if the decedent was domiciled in Maryland on the date of death. Fiduciaries other than personal representatives are considered residents of Maryland if:

1. The trust was created by the will of a decedent who was domiciled in Maryland on the date of death;
2. The trust consists of property transferred by the will of a decedent who was domiciled in Maryland on the date of death;
3. The creator or grantor of the trust is a current resident of Maryland; or
4. The trust is principally administered in Maryland.

Who is a non-resident fiduciary?

A nonresident fiduciary is a fiduciary who is not included in the above definition of a resident fiduciary.

2 Use of federal return

You will need information from your federal fiduciary return in order to complete your Maryland return. Therefore, complete your federal fiduciary return before you continue beyond this point. Maryland law requires that you start with the taxable income reported on your federal fiduciary return, Form 1041. All items reported on your Maryland return are subject to verification, audit and revision by the Maryland State Comptroller's Office.

3 Mailing label

Remove the mailing label from the booklet and place it over the name and address blanks of your tax return. If you do not have a label or if any of the information on the label is incorrect, print or type the required information in the boxes at the top of page 1. Enter the federal employer identification number of the estate or trust in the space provided.

Check the appropriate box if your name or address has changed or if you are filing an amended return.

4 Paid preparer

If you use a paid preparer, computer-generated forms or file electronically and do not want Maryland forms mailed to you next year, check the appropriate box in the lower right corner. You will receive a label for next year's tax return instead of a tax booklet.

5 Type of entity

Check the box on the return corresponding to your federal return. The types of entities are described below:

Decedent's Estate

An estate of a deceased person is a taxable entity separate from the decedent. It generally continues to exist until the final distribution of the assets of the estate is made to the heirs and other beneficiaries. The income earned

from the property of the estate during the period of administration or settlement must be accounted for and reported by the estate.

Simple Trust

A trust may qualify as a simple trust if:

1. the trust instrument requires that all income must be distributed currently;
2. the trust instrument does not provide that any amounts are to be paid, permanently set aside, or used for charitable purposes; and
3. the trust does not distribute amounts allocated to the corpus of the trust.

Because the income is distributed each year, the fiduciary may be required to file a fiduciary return, but there is no taxable income.

Complex Trust

If some or none of the income is distributed, the trust is called a complex trust.

Because the trust is retaining all or part of the income, the fiduciary must file a fiduciary tax return to determine the taxable income from which to develop both State and local tax due.

Grantor Trust

Income earned by a grantor trust is taxable to the grantor, not the beneficiary, if the grantor keeps certain control over the trust. This rule applies if the property (or income from the property) put into the trust will or may revert (be returned) to the grantor or the grantor's spouse. The grantor is the one who transferred property to the trust.

Generally, a trust is a grantor trust if the grantor has a reversionary interest valued (at the date of transfer) at more than 5% of the value of the transferred property.

Bankruptcy Estate

The bankruptcy trustee or debtor-in-possession must file Form 504 for the estate of an individual involved in bankruptcy proceedings under Chapter 7 or 11 of Title 11 of the United States Code if the estate was required to file federal Form 1041. See Instruction 26. For additional information, contact any office of the Revenue Administration Division.

Qualified Funeral Trust

Maryland recognizes and follows federal law in the treatment of qualified funeral trusts. Maryland accepts the filing of composite returns for such trusts.

In most, if not all, cases, the income of each individual trust account does not exceed \$1,000. Therefore, the applicable state tax rate is 2%, and the applicable local tax rate is the rate for the situs of the fiduciary filing the composite return. For example, if the funeral home is located in Baltimore County, then the local rate for Baltimore County would apply to each trust included in the composite return. See Instruction 27.

Pooled Income Fund

A pooled income fund is a split-interest trust with a remainder interest for a public charity and a life income interest retained by the donor or for another person. The property is held in a pool with other pooled income fund property and does not include any tax-exempt securities. The income for a retained life interest is figured using the yearly rate of return earned by the trust.

6 Decedent's estate information

If the fiduciary return is for a decedent's estate, enter the following in the appropriate section: Date of death, domicile state of decedent and decedent's social security number. Check the box if this is the final return. If the return is not for a calendar year, enter the fiscal year beginning and ending dates at the top of the form.

7 Resident status

If the return is for a resident fiduciary, provide the entity's subdivision code, county and city, town or taxing area in the appropriate boxes. See the list below to determine subdivision code.

Read the instructions describing who is a resident fiduciary and then check the appropriate box.

If you checked the box for resident, complete the county and city, town or taxing area boxes.

If you are a personal representative of an estate enter the county (or Baltimore City) in which the decedent was domiciled on the date of death. Also complete the decedent's estate information.

If you are a fiduciary other than a personal representative, enter the county (or Baltimore City) in which the trust is principally administered.

If the trust is not principally administered in Maryland, enter the county (or Baltimore City) in which the decedent was domiciled if the trust was created by the will of the decedent or the

trust consists of property transferred by the will of the decedent.

If the trust is not principally administered in Maryland but the creator or grantor of the trust is a current resident of Maryland, enter the county (or Baltimore City) in which the creator or grantor resides.

8 Maryland modifications

Fiduciary's share of Maryland modifications
Generally, certain items must be added to and subtracted from federal income to determine the Maryland income of a fiduciary. Lines 1 through 9 should not be completed if the trust is a complex trust that has distributed all of its distributable net income during the year or is a simple trust.

Fiduciaries are permitted those additions and subtractions allowed individuals. For further information see the instructions for Form 502 for resident individuals.

Only the fiduciary's allocable portion of the Maryland modifications should be used. Complete lines 1 through 9 to calculate this amount.

Modifications include but are not limited to the following:

Interest on state and local obligations other than Maryland. Enter on line 1 the total amount of interest received by the fiduciary on obligations of any state or political subdivision thereof (except the State of Maryland and its political subdivisions).

Income taxes deducted on federal return. Enter on

line 2 the total of income taxes imposed by the State of Maryland, any political subdivision thereof, any other state or subdivision of any other state, or the District of Columbia to the extent included on line 11 of the federal form.

Income from U.S. government obligations. Enter on line 5 interest on U.S. savings bonds and other U.S. obligations. Capital gains from the sale or exchange of U.S. obligations should be included on this line. Dividends from mutual funds that invest in U.S. government obligations are also exempt from state taxation. However, only that portion of the dividends attributable to interest from U.S. government obligations can be subtracted. You cannot subtract income from Government National Mortgage Association securities.

Fiduciary's share of net Maryland modifications

Divide the total distribution from federal Form 1041 by the distributable net income, expressing the answer in decimal form. Subtract the decimal from 1 and multiply the difference by line 8.

9 Nonresident deduction

Nonresident individuals who have intangible income from sources within Maryland are not subject to tax on such income in Maryland. There are some resident fiduciaries that accumulate intangible income in the trust to be distributed later to nonresident beneficiaries. Because this income is not taxable to a nonresident, there is a provision that permits

LIST OF INCORPORATED CITIES, TOWNS AND TAXING AREAS IN MARYLAND

Code No.		Code No.		Code No.		Code No.		Code No.	
ALLEGANY COUNTY0100	Mt. Airy0703	Walkersville1111	North Chevy Chase1618	Millington1808					
Barton0101	New Windsor0704	Woodsboro1112	Oakmont1619	Queen Anne1807					
Belair0112	Sykesville0705	GARRETT COUNTY1200	Poolesville1608	Queenstown1803					
Bowling Green-	Taneytown0706	Accident1201	Rockville1609	Sudlersville1804					
Robert's Place0115	Union Bridge0707	Deer Park1203	Somerset1610	Templeville1806					
Cresaptown0108	Westminster0709	Friendsville1204	Takoma Park1611	ST. MARY'S COUNTY1900					
Cumberland0102	CECIL COUNTY0800	Grantsville1205	Washington Grove1612	Leonardtown1902					
Ellerslie0113	Cecilton0801	Kitzmilller1206	PRINCE GEORGE'S	SOMERSET COUNTY2000					
Frostburg0103	Charlestown0802	Loch Lynn Heights1207	COUNTY1700	Crisfield2001					
Lavale0110	Chesapeake City0803	Mountain Lake Park1208	Berwyn Heights1701	Princess Anne2002					
Lonaconing0104	Elkton0804	Oakland1209	Bladensburg1702	TALBOT COUNTY2100					
Luke0105	North East0805	HARFORD COUNTY1300	Bowie1704	Easton2101					
McCoole0114	Perryville0806	Aberdeen1301	Brentwood1705	Oxford2102					
Midland0106	Port Deposit0807	Bel Air1302	Capitol Heights1706	Queen Anne2105					
Mt. Savage0111	Rising Sun0808	Havre de Grace1303	Cheverley1707	St. Michael's2103					
Potomac Park Addition0109	CHARLES COUNTY0900	HOWARD COUNTY1400	College Park1725	Trappe2104					
Westernport0107	Indian Head0901	No incorporated cities or towns	Colmar Manor1708	WASHINGTON COUNTY2200					
ANNE ARUNDEL COUNTY 0200	La Plata0902	KENT COUNTY1500	Cottage City1709	Boonsboro2201					
Annapolis0201	Port Tobacco0903	Belterton1501	District Heights1710	Clearspring2202					
Highland Beach0203	DORCHESTER COUNTY 1000	Chestertown1502	Eagle Harbor1711	Funkstown2203					
BALTIMORE COUNTY0300	Brookview1008	Galena1503	Edmonston1712	Hagerstown2204					
No incorporated cities or towns	Cambridge1001	Millington1504	Fairmount Heights1713	Hancock2205					
BALTIMORE CITY0400	Church Creek1002	Rock Hall1505	Forest Heights1728	Keedysville2206					
CALVERT COUNTY0500	East New Market1003	MONTGOMERY COUNTY 1600	Glenarden1730	Sharpsburg2207					
Chesapeake Beach0501	Eldorado1007	Barnesville1601	Greenbelt1714	Smithsburg2208					
North Beach0502	Galestown1009	Brooksville1602	Hyattsville1715	Williamsport2209					
CAROLINE COUNTY0600	Hurlock1004	Chevy Chase Sec. 31614	Landover Hills1726	WICOMICO COUNTY2300					
Denton0602	Secretary1005	Town of Chevy Chase	Laurel1716	Delmar2301					
Federalburg0603	Vienna1006	(formerly Sec. 4)1615	Morningside1727	Fruitland2308					
Goldsboro0604	FREDERICK COUNTY1100	Chevy Chase Sec. 51616	Mt. Rainier1717	Hebron2302					
Greensboro0605	Brunswick1101	Chevy Chase View1617	New Carrollton1729	Mardela Springs2303					
Henderson0611	Burkittsville1102	Chevy Chase Village1613	North Brentwood1718	Pittsville2307					
Hillsboro0606	Emmitsburg1103	Drummond1623	Riverdale Park1720	Salisbury2304					
Marydel0607	Frederick1104	Friendship Heights1621	Seat Pleasant1721	Sharptown2305					
Preston0608	Middletown1106	Gaithersburg1603	University Park1723	Willards2306					
Ridgely0609	Mt. Airy1114	Garrett Park1604	Upper Marlboro1724	WORCESTER COUNTY2400					
Templeville0610	Myersville1107	Glen Echo1605	QUEEN ANNE'S COUNTY 1800	Berlin2401					
CARROLL COUNTY0700	New Market1108	Kensington1606	Barclay1805	Ocean City2402					
Hampstead0701	Rosemont1113	Laytonsville1607	Centerville1801	Pocomo City2403					
Manchester0702	Thurmont1110	Martin's Addition1622	Church Hill1802	Snow Hill2404					

the fiduciary to subtract intangible income accumulated for later distribution to a nonresident beneficiary.

The law provides that a fiduciary shall not be liable for any tax on income from intangible personal property held in this state, in trust, to pay the income for the time being to, or to accumulate or apply such income for the benefit of any nonresident of this state, or any corporation not doing business in this state.

Accumulations of income for the benefit of an unborn or an unascertained person or persons with contingent interests are not exempt from taxation if accumulated for the benefit of an individual (natural person) who is a nonresident of this state, but such accumulations constitute taxable income to the fiduciary.

If any beneficiaries of the estate or trust are nonresident individuals or corporations not doing business in this state, enter on line 10 the total income from intangible personal property which was accumulated and not paid during the taxable year for their benefit. Enter on line 11 expenses allocable to this income.

If all the remaindermen in being are nonresidents during the entire taxable year, any capital loss derived from the sale or other disposition of intangible personal property that is held in trust is added to income and any capital gain derived from the sale or other disposition of intangible property is subtracted from income.

Do not enter on line 10 income that has been distributed. Line 10 is to be used only when income from intangible personal property is accumulated for a nonresident.

10 Income

Copy the figure for federal taxable income from your federal return onto line 21 of Form 504.

Nonresidents will modify the federal taxable income using the additions and subtractions provided in Maryland law for nonresident individuals.

All items reported on the Maryland return are subject to verification, audit and revision by the Comptroller's Office.

11 Exemptions

A Maryland exemption of \$600 is allowed for a personal representative filing for a decedent's estate (entity type 1). A fiduciary other than a

personal representative (entity types 2 through 7) may deduct \$200 as an exemption.

12 Standard and itemized deductions

The fiduciary is NOT allowed a standard deduction or itemized deductions.

13 Figure your Maryland and local net taxable income.

What is Maryland and local taxable net income?

For a resident fiduciary, Maryland and local net taxable income is federal taxable income increased by the amount allowed the fiduciary as a deduction for a personal exemption under the Internal Revenue Code and the additions for an individual and decreased by the sum of the Maryland exemption amount and the subtractions for an individual.

For a nonresident fiduciary, taxable income is the amount of the personal exemption allowed under the Internal Revenue Code plus that part of federal taxable income derived from real or tangible personal property located in Maryland and business carried on in Maryland (and additions applicable to that income) less the Maryland personal exemption amount (and subtractions applicable to the Maryland income).

Complete lines 21-29 using the amounts from lines 9 and 12, if applicable. Line 29 is your Maryland and local net taxable income.

14 Maryland tax

Compute the tax in accordance with the rate schedule below and enter the tax on line 30.

15 Local income tax

The counties of Maryland and Baltimore City are empowered to levy a local income tax that is collected by the Comptroller with the state tax.

You must use the local tax rate in effect for the county that you entered on the front of the form. See the local tax rate chart and worksheet below.

Nonresident fiduciaries are not subject to the local tax and should not complete line 31.

16 Total Maryland tax, local tax and contributions.

Add your Maryland tax from line 30 and your local tax from line 31 and enter on line 32. Add to your tax any contribution amounts from line 33 and line 34 and enter the total on line 35.

Chesapeake Bay and Endangered Species Fund

You may contribute any amount you wish to this fund. The amount contributed will reduce your refund or increase your balance due.

Fair Campaign Financing Fund

You may contribute any amount you wish up to \$500. The amount contributed will reduce your refund or increase your balance due.

IMPORTANT: If there are not sufficient credits or other payments to satisfy your tax and the contribution you have designated, the contribution amounts will be reduced. If you have entered amounts for contribution to both funds, any reduction will be applied proportionately.

17 Taxes paid and credits

Write your taxes paid and credits on lines 36-39 of Form 504. Add lines 36 through 39 and enter the total.

Taxes paid

If Maryland tax was withheld from wages paid to a decedent's estate, enter the amount on line 36 and attach the wage and tax statement.

Enter on line 37 the total of Maryland estimated tax payments and any payment

Maryland Tax Rate Schedule

If the taxable income on line 29 is:

At least	But not over	Enter on line 30
\$ 0	\$1,000	2% of the amount on line 29
1,000	2,000	\$20 plus 3% of the excess over \$1,000
2,000	3,000	\$50 plus 4% of the excess over \$2,000
3,000	—	\$90 plus 4.80% of the excess over \$3,000

2001 LOCAL TAX RATE CHART

Subdivision	Rate	Subdivision	Rate	Subdivision	Rate
Baltimore City	.0251	Charles County	.0285	Prince George's County	.0304
Allegany County	.0287	Dorchester County	.0256	Queen Anne's County	.0280
Anne Arundel County	.0253	Frederick County	.0296	St. Mary's County	.0310
Baltimore County	.0279	Garrett County	.0258	Somerset County	.0308
Calvert County	.0255	Harford County	.0306	Talbot County	.0177
Caroline County	.0257	Howard County	.0243	Washington County	.0280
Carroll County	.0280	Kent County	.0254	Wicomico County	.0305
Cecil County	.0280	Montgomery County	.0292	Worcester County	.0125

LOCAL TAX WORKSHEET

Multiply the taxable net income by the tax rate from the LOCAL TAX RATE CHART for the county in which the fiduciary was a resident on the last day of the taxable period. Enter the result on line 31 of Form 504. This is the fiduciary local income tax.

- Taxable net income from line 29 of Form 504\$ _____
- Local tax rate from Local Tax Rate Chart above **.0** _____
- Local income tax (Multiply line 1 by line 2.) Enter this amount on line 31 of Form 504 rounded to the nearest cent or whole dollar.\$ _____

made with a request for an extension of time to file the return. See instructions on Form 504E.

Credits

If the fiduciary is a resident and must pay income tax to another state, complete lines 13-20 and enter the result on line 38. Note: You must attach a copy of the tax return filed in the other state. If this is not attached, no credit will be allowed. If any credit is being claimed for Preservation and Conservation Easements, complete the worksheet on below and enter the result on line 38. If both credits are applicable, enter the sum on line 38.

Enter on line 39 any tax credits from Form 500CR and/or Form 502H.

- a. ENTERPRISE ZONE TAX CREDIT
- b. EMPLOYMENT OPPORTUNITY TAX CREDIT
- c. MARYLAND DISABILITY EMPLOYMENT TAX CREDIT
- d. MARYLAND RESEARCH AND DEVELOPMENT TAX CREDIT

18 Overpayment or balance due.

Calculate the Balance Due (line 41 of Form 504) or Overpayment (line 42 of Form 504).

Part or all of any overpayment may be applied to 2002 estimated tax by completing line 43. Subtract line 43 from the overpayment (line 42). This is the amount of the refund.

Underpayment of Estimated Tax

All taxpayers should refer to Form 504UP (in this booklet) to determine if they owe interest because they paid too little estimated tax during the year.

If you owe interest, complete Form 504UP and write the amount of interest (line 15 of Form 504UP) in the appropriate box on line 45 of Form 504. Attach Form 504UP.

Generally, you do not owe interest if:

- a. you owe less than \$500 tax on income which is not subject to Maryland withholding, OR
- b. each current year payment, made quarterly as required, is equal to or more than, one-fourth of last year's taxes, OR
- c. you made quarterly payments during the year which equal 90% of this year's tax, OR
- d. the year ends less than two years after the decedent's date of death. Enter Code "301" in the CODE NUMBER box at the bottom of Form 504.

Interest for Late Filing

Interest is due at an annual rate of 13% or 1.08% per month for any month or part of a month that tax is paid after the due date of the return. Enter any interest due in the appropriate box on line 45.

Total Interest

Enter the total of interest for underpayment of estimated tax and interest for late filing on line 45.

Direct Deposit of Refund

Complete lines 47a, b and c if you want us to deposit your refund directly into your account at a bank or other financial institution (such as a mutual fund, brokerage firm, or credit union) instead of sending you a check.

Line 47a

Check the appropriate box to identify the type of account that will be used (checking or savings). You must check one box only or a refund check will be mailed.

Line 47b

The routing number must be nine digits. If the first two digits are not 01 through 12 or 21 through 32, the direct deposit will be rejected and a check sent instead. If you are not sure of the correct routing number, contact your financial institution.

Line 47c

The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank.

If we are notified by the financial institution that the direct deposit is not successful, a refund check will be mailed to you.

Please have a bank statement for the account available if you contact us concerning the direct deposit of your refund.

Disclosure

Entering your bank account routing number, account number and account type in the area provided on your Maryland income tax return to effect a direct deposit of your income tax refund authorizes the Comptroller's Office to disclose this information and your refund amount to the Maryland State Treasurer's Office which performs banking services for the Comptroller's Office.

19 Telephone number, code number, signatures and attachments.

Enter your telephone number and sign and date your return. Be sure to attach all required forms, schedules and statements.

Code Numbers

IMPORTANT: If you complete Form 504UP and, because of the timing of the distributions of income, have no interest due, attach the form to your fiduciary return and write code number "301" in the box marked CODE NUMBER at the bottom of Form 504 to the right of the phone number area.

If you use the annualization method to calculate interest for underpayment of estimated tax, attach Form 504UP to your fiduciary return and write code number "301" in the box marked CODE NUMBER at the bottom of Form 504 above the signature area. In order for the Revenue Administration Division to recognize your use of this calculation method, you must enter the code number and attach the form, even if there is no interest due.

If the return is for a decedent's estate within two years of the date of death, enter "301" in the CODE NUMBER box. Do not attach Form 504UP.

Tax Preparers

If another person prepared your return, that person must also sign the return. The preparer declares that the return is based on all information required to be reported of which the preparer has knowledge, under the penalties of perjury.

Signature and verification

This return must be verified and signed by the individual fiduciary or an authorized officer of a corporate fiduciary. If two or more individuals act jointly as fiduciaries, the return may be verified and signed by either. Check the box if you do not want Maryland forms mailed to you next year.

Attachments

Be sure to attach wage and tax statements (Form W-2, W-2G and 1099) to the front of your return if Maryland tax is withheld. Also attach all forms, schedules and statements required by these instructions. Place your check or money order on top of the wage and tax statements and fasten with one staple on the front of your tax return.

20 Electronically filing your return

The fastest way to file your return and receive your refund is to file electronically and request direct deposit. If you request direct deposit on your electronic return your refund should be in your bank account within 72 hours of acknowledgement from the Revenue Administration Division. Electronic funds withdrawal (direct debit) payments are available only if you file electronically. You may file your return electronically through your personal computer. For more information please see our website at:

www.marylandtaxes.com

Additionally, a return can be electronically filed by most professional tax return preparers. Please ask your preparer about this option.

21 Mailing your return

If you are mailing your return please use the envelope provided in this booklet. If the

PRESERVATION AND CONSERVATION EASEMENTS WORKSHEET

Complete this area if the fiduciary is claiming a credit for the contribution of Preservation and Conservation Easements.

- 1. Enter the amount by which the fair market value of the property before the conveyance of the easement exceeds the fair market value after the conveyance as substantiated by a certified real estate appraiser
- 2. Enter the amount of any payment received for the easement
- 3. Subtract line 2 from line 1
- 4. Enter the amount from line 30 of Form 504 or \$5,000, whichever is less
- 5. Enter the lesser of lines 3 or 4 here and on line 38 of Form 504
- 6. Excess credit carryover. Subtract line 5 from line 3

1		
2		
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envelope is lost, mail your return to:

Comptroller of Maryland
Revenue Administration Division
Annapolis, Maryland 21411-0001

22 Payment options

Payment by Credit Card

You may now pay your balance due using your Discover Card, American Express or MasterCard.

Credit card payments may be made by telephone or over the internet. The internet option is available to everyone. You must have filed a 2000 Maryland income tax return to use the telephone option.

Both options will be processed by Official Payments Corporation which will charge a convenience fee of 2.5% on the amount of your payment. The State will not receive this fee. You will be told the amount of the fee before you complete your transaction. Do not include the amount of the convenience fee as part of the tax payment.

To make a credit card payment call 1-800-2PAYTAX (1-800-272-9829) or visit their website at www.officialpayments.com

Payment by Check or Money Order

Make your check or money order payable to "Comptroller of Maryland." Use blue or black ink. Do not use red ink. Put your federal I.D. number, type of tax and year of tax being paid, on your check. Mark an "X" in the box for "Payment Enclosed" on the envelope. DO NOT SEND CASH.

Due Date

Returns must be mailed by April 15, 2002, for calendar year taxpayers. Fiduciaries filing on a fiscal-year basis should see Instruction 24.

23 Extension of time to file

Follow the instructions on Form 504E to request an automatic extension of the time to file your 2001 return. Filing this form extends the time to file your return, but does not extend the time to pay your taxes. Payment of the expected tax due is required with Form 504E by April 15, 2002.

24 Fiscal year

You must file your Maryland return using the same tax year and the same basis (cash or accrual) as you used on your federal return.

To file a fiscal-year return, complete the Fiscal Year information at the top of Form 504 and print "FY" in bold letters in the upper left corner of the form. Whenever the term "tax year" appears in these instructions, fiscal year taxpayers should understand the term to mean "fiscal year." Use the 2001 forms in this package for fiscal years that begin during calendar year 2001. If you are filing on a fiscal year basis, file Form 504E by the regular due date of your return.

25 Amended returns

If you need to change a return that you have already filed, or if the Internal Revenue Service changes your return, you must file an amended return.

Use Form 504 to file an amended return and check the AMENDED RETURN box on the front of the return. An explanation must be provided on page two (2) of the amended Form 504. Include a copy of the amended federal return.

Changes in Your Federal Tax

If the Internal Revenue Service makes any

changes on your federal return, you must notify the State of Maryland. Send notification to the Maryland Revenue Administration Division within 90 days of the final determination of the changes by the IRS.

If you file an amended federal fiduciary return that changes your Maryland fiduciary return, you must file an amended Maryland return.

If Your Original Return Showed a Refund

If you expect a refund from your original return, do not file an amended return until you have received your refund check. Then cash the check; do not return it. If your amended return shows a smaller refund, send a check for the difference with the amended return. If your amended return shows a larger refund, the Revenue Administration Division will issue an additional refund check.

Additional Information

Do not file an amended return until sufficient time has passed to allow the original return to be processed. For current year returns, allow at least six weeks.

Generally, you must file your claim for refund within three years from the date your original return was filed or within two years from the date the tax was paid, whichever is later. A return filed early is considered filed on the date it was due.

A claim for refund based on a federal net operating loss carryback must be filed within three years from the due date of the return for the tax year of the net operating loss.

If the claim for refund resulted from a federal adjustment or final decision of a federal court that is more than three years from the date of filing the return or more than two years from the time the tax was paid, a claim for refund must be filed within one year from the date of the adjustment or final decision.

If the claim for refund resulted from a notification received from another state for income taxes due that is more than three years from the date of filing the return or more than two years from the time the tax was paid, a claim for refund resulting from a credit for taxes paid to that state must be filed within one year of the date of the notification.

No refund for less than \$1.00 will be issued. No payment of less than \$1.00 is required.

26 Special instructions for bankruptcy estates

A bankruptcy estate is created for an individual under Chapter 7 (a liquidation) or Chapter 11 (a reorganization) under Title 11 of the United States Code. The bankruptcy estate is treated as a separate taxable entity. A separate taxable entity is not created when an individual is in a state receivership.

The fiduciary of a Chapter 7 or a Chapter 11 bankruptcy estate is required to file the estate's return and must file a Maryland return if the fiduciary or trustee is required to file a federal return and has Maryland taxable income. The fiduciary must use the Maryland Fiduciary Return, Form 504.

For an individual, the fiduciary return is the mechanism for paying the tax. The calculation is done on the individual income tax return, Form 502, and the tax is carried to the fiduciary return. The fiduciary of an individual bankrupt debtor should attach the completed Form 502 to the Form 504.

A trustee of a corporate debtor or other bankrupt entity, who has possession of the bankrupt estate by court order or who holds title to all or substantially all of the property of a

bankrupt entity, must file the income tax return for the entity. The fiduciary would be required to file a Maryland income tax return, if the fiduciary is obligated to file a federal return on behalf of the bankrupt entity and also has Maryland taxable income.

The fiduciary should attach a notice of the filing of the bankruptcy estate, which is issued by the applicable bankruptcy court, to the return.

27 Qualified funeral trusts

A fiduciary may file a composite fiduciary income tax return reporting the income of the funeral trusts administered by that fiduciary instead of one fiduciary return for each trust. Check Entity Type Box 6. Attach a schedule showing the name, income, state tax and local tax of each individual trust. Add the state tax amounts and enter on line 30. Add the local tax amounts and enter on line 31. Complete Form 504 according to Instructions 16 through 19.

28 Privacy act information

The Tax-General Article of the Annotated Code of Maryland authorizes the Revenue Administration Division to request information on tax returns to administer the income tax laws of Maryland, including determination and collection of correct taxes. Code Section 10-804 says that you must include your federal identification number on the return you file. This is so we know who you are and can process your return and documents.

If you fail to provide all or part of the requested information, then exemptions, exclusions, credits, deductions or adjustments may be disallowed and you may owe more tax. In addition, the law provides penalties for failing to supply information required by law or regulations.

You may look at any records held by the Revenue Administration Division which contain personal information about you. You may inspect such records, and you have certain rights to amend or correct them.

As authorized by law, information furnished to the Revenue Administration Division may be given to the United States Internal Revenue Service, a proper official of any state that exchanges tax information with Maryland and to an officer of this State having a right to the information in that officer's official capacity. The information may be obtained in accordance with a proper legislative or judicial order.

MARYLAND STATE AGENCIES

(MOST FREQUENTLY CONTACTED BY BUSINESSES)

COMPTROLLER OF MARYLAND
www.marylandtaxes.com

Online business registration

www.marylandtaxes.com

*New businesses can register online and set up
tax accounts any time 24 hours a day.*

*For other new business information, visit the
Business License Information System at www.blis.state.md.us.*

Alcohol & Tobacco Tax Unit 410-260-7314
Goldstein Treasury Building — Room 310 or 888-784-0145
Annapolis, MD 21404-2999

Compliance Division

301 W. Preston Street
Baltimore, MD 21201-2383

- Bulk sales* 410-767-1579
or 800-492-1791
- Business tax collections* 410-649-0633
or 888-614-6337
- Sales & use, admissions & amusement
tax and tire fee refunds* 410-767-1538
- State License Bureau* 410-260-6244
- Unclaimed property* 410-767-1700
or 800-782-7383
- Utility surcharges*
- 911 Telephone System Trust Fund* 410-585-3015
- Environmental Surcharge* 410-767-8025
- Universal Service Fee* 410-767-4204
- Universal Electricity Deregulation
Surcharge* 410-767-7285

General Accounting Division

Goldstein Treasury Building — Room 200
Annapolis, MD 21404-0746

- Tax clearances* 410-260-7813

Motor Fuel Tax Unit

Goldstein Treasury Building — Room 315
Annapolis, MD 21404-1751

- Motor Fuel Licensing & Registration* 410-260-7126
Room 317 or 888-784-0142
- Motor Carrier & IFTA Licensing* 410-260-7215
Room 317 or 888-784-0141

Revenue Administration Division

Revenue Administration Center
Annapolis, MD 21411-0001

- Employer withholding tax* 410-260-7980
or 800-638-2937
- Facsimile transmittal* 410-974-2967
- Forms (all income tax and
employer withholding)* 410-260-7951
- Substitute/computer-generated* 410-260-7424
- Income tax information* 410-260-7980
(corporation, individual, fiduciary,
pass-through entity) or 800-638-2937
- Income tax refund inquiries* 410-260-7701
or 800-218-8160
- Tax-exempt organization registration* 410-260-7980
or 800-638-2937

Baltimore area office 410-767-1300

301 W. Preston Street — Room 206
Baltimore, MD 21201-2383

- Admissions and amusement tax*
- Central registration*
- Sales and use tax information*
- Sales tax exemptions*
- Tire recycling fee*

OTHER AGENCIES

Department of Agriculture 410-841-5700
50 Harry S. Truman Parkway or 800-492-5590
Annapolis, MD 21401

*Conservation tillage equipment
certification* 410-841-5863
www.mda.state.md.us

Department of Assessments & Taxation

301 W. Preston Street — Room 806
Baltimore, MD 21201-2395

- Charter/incorporation information* 410-767-1350
- Financial institution & public service
company franchise tax* 410-767-1940
- New corporation information* 410-767-1350
- Resident agent information* 410-767-1330
- Personal property tax assessments* 410-767-1170
or 888-246-5941
- Property tax credits* 410-767-4433
www.dat.state.md.us or 800-944-7403

Office of Business and Economic Research 410-767-6435

217 E. Redwood Street — 23rd Floor or 800-541-8549
Baltimore, MD 21202

- Office of Regional Response* 410-767-0523
- Enterprise Zones — Economically
disadvantaged employee certification* 410-767-6438
www.dbed.state.md.us

**Department of Labor, Licensing
& Regulation** 410-767-2000

1100 N. Eutaw Street — Room 214
Baltimore, MD 21201

- Unemployment insurance* 410-767-2000
or 800-492-5524
- Job services* 410-767-2148
www.dlir.state.md.us

Department of the Environment 410-631-3000

2500 Broening Highway — or 800-633-6101
Building 30A (1st Floor)
Baltimore, MD 21224

- Air management and radiation
(oil furnace conversion)* 410-631-3265
- Asbestos* 410-631-3801
www.mde.state.md.us

Injured Workers' Insurance Fund 410-494-2000

8722 Loch Raven Boulevard or 800-264-4943
Towson, MD 21286-2235
www.iwif.state.md.us

Maryland Insurance Administration

525 St. Paul Place
Baltimore, MD 21202

- Insurance company premium tax* 410-468-2000
www.gacc.com/mia or 800-492-6116

Department of Natural Resources

Tawes State Office Building — 580 Taylor Avenue
Annapolis, MD 21401-2397

- Reforestation & timber stand
improvement information* 410-260-8531
www.dnr.state.md.us

Workers' Compensation Commission 410-864-5100

6 N. Liberty Street — Room 940 or 800-492-0479
Baltimore, MD 21201-3785
www.charm.net/~wcc